

Grain Grower
al re

HD
9044
C25
G7
7th-10th
1913-16

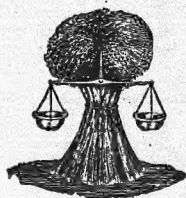
HSS

Ex LIBRIS
UNIVERSITATIS
ALBERTAENSIS



HD
1044
23246
724 1047
1047
HD
9044
C2567
7th-10th.
1913-16

THE GRAIN GROWERS'
GRAIN CO. LIMITED



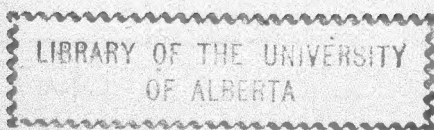
Annual Report

For the Fourteen Months
ending the Thirty-first of
August, Nineteen-Thirteen

Shareholders should carefully keep the Annual Reports.
They will thus have a continuous record
of the Company's history

WINNIPEG

CANADA



COMPARATIVE STATEMENT

	Opened Business					June 30, '11
	Sept. 1, '06	June 30, '07	June 30, '08	June 30, '09	June 30, '10	
Shares Allotted	1,000	1,853	2,932	7,558	14,131	24,602
Capital Subscribed	\$25,000	\$46,325	\$73,300	\$188,950	\$353,275	\$615,050
Capital Paid-up	\$ 5,000	\$11,795	\$20,385	\$120,708	\$292,957	\$492,062
Grain Receipts (Bus.)	.....	2,340,000	4,990,541	7,643,146	10,332,645	18,845,305
Profits	.....	\$790	\$30,190	\$52,902	\$95,663	\$69,575.46

	June 30, '12		*Aug. 31, '13
	June 30, '12	*Aug. 31, '13	
Shares Allotted	27,321	32,500	..
Capital Subscribed	\$685,000	\$809,950	..
Capital Paid-up	\$586,472	\$645,361.80	..
Grain Receipts (Bus.)	27,775,000	29,975,000	..
Profits	\$121,614	\$164,332.37	..

TOTAL FARMERS' GRAIN HANDLED, SEPT. 1, 1906, TO AUG. 31, 1913 - - 107,901,637 BUSHELS

* 14 months in this year.

Extract from Auditors' Report to Shareholders

"In looking over the whole period, and the seemingly insurmountable difficulties of every description met with by the Executive, and notwithstanding the heavy loss on the Export Company's operations, it is a matter of no small satisfaction that the position of the Company today is on a sounder basis than at any previous time in its history."

119429

The Grain Growers' Grain Co. Limited



HEAD OFFICE
WINNIPEG - MANITOBA

CAPITAL AUTHORIZED	- - - -	\$2,000,000 00
CAPITAL SUBSCRIBED	- - - -	809,950.00
CAPITAL PAID UP, August 31st, 1913-		645,361.80

BOARD OF DIRECTORS, 1913-1914

PRESIDENT

T. A. CRERAR	..	RUSSELL, MAN.
JOHN KENNEDY	.....	SWAN RIVER, MAN.
R. MCKENZIE	.....	WINNIPEG, MAN.
E. J. FREAM	.....	CALGARY, ALTA
WM. MOFFAT	.....	SOURIS, MAN
F. M. GATES	.....	FILLMORE, SASK.
JOHN MORRISON	.....	YELLOW GRASS, SASK.
J. W. ROBSON	.....	PELLEY, SASK.
F. W. COLLYER	.....	WELWYN, SASK.

INTRODUCTION

To our Shareholders

Winnipeg, Man., Nov. 27th, 1913.

Gentlemen:—

The succeeding pages of this booklet contain the Seventh Annual Report of your Company, and after perusing it carefully you will observe that the progress of the Company has been more rapid and shows more evidence of being a factor in cutting out the middle man, with his sometimes exorbitant profits, than any previous report which you have received.

The expression—call it a myth or a monster, whichever you will—that “The farmers cannot stick together” was strong enough a few years ago to apparently push the honest efforts of the farmers’ organizations out of existence. It has, however, been rapidly losing its strength and has now become so weak that it can be dragged along only by the desperate exertions of men and companies whose only wish is to keep it alive in order to destroy, if possible, this great united farmers’ movement.

Your President’s address—which is somewhat more lengthy than usual—contains, however, in the briefest possible form, a concise history of your Company’s progress since its inception, but more particularly that of the past year. He has also endeavored in this to clearly point out the responsibility of the Shareholder to his Company, and has closed with a story of the Scottish Co-operative Society, which shows what can be done by loyal united effort.

In closing these introductory remarks, we would like to emphasize the responsibility resting on every Shareholder of the Company in the making of its future history. If all do their part faithfully and well in bringing the balance of the farmers of this Western country into this, their own organization, and at all times give it, not only the financial support which it deserves, but also their moral support, there will be no question of its successful future.

Read carefully every word which is contained in this report and thus get a vision of what your Company will become ten years hence, when the middle man, with his exorbitant profits, and the trusts and combines, who are preying upon the farmers, will have become a thing of the past and when we who are tilling the soil will get full returns for our labors, and thus build up in this great country of ours a nation of contented people enjoying to the full the bounties of Nature provided with so liberal a hand.

THE GRAIN GROWERS’ GRAIN CO. LTD.

WM. MOFFAT,

Secretary.



SEVENTH ANNUAL REPORT

PRESIDENT'S ADDRESS

Gentlemen:—

We are glad to welcome you to this, the Seventh Annual Meeting of the Company. For reasons given to the shareholders in a general letter several months ago, the end of the business year was changed from the 30th of June to the 31st of August. We have been able to get a reduced fare on railroads, so that there will be practically no additional expense over that of other years to the Shareholders in attending the Annual Meeting. The year which we have just closed has been the most important one in the history of the Company. Several new undertakings of large magnitude—calculated to benefit the Shareholders of the Company and Western farmers generally—have been undertaken. These will be dealt with more particularly later.

Considerable difficulty was experienced in handling the crop of last year, particularly grain from Manitoba. The harvesting conditions which prevailed in Saskatchewan the year previous to a great extent existed in Manitoba a year ago—there being thousands of acres of grain in Eastern Manitoba that were not threshed until last spring. Northern Saskatchewan was also similarly affected, but to a much less degree. The result was that we experienced the same difficulty

in giving advances on grain that was experienced the year previous. In very many cases we had to refuse to pay drafts drawn against bills-of-lading until we had some idea of the value of the grain against which they were drawn; and we had also to keep down advances on cars. This, through the scarcity of money a year ago, created some dissatisfaction and some criticism resulted from it. We have very often found when obliged to do this that local interests which do not like to see the co-operative tendencies of the Company being developed, have used all the influence they could bring to bear to create dissatisfaction among shippers to the Company. Nevertheless, we got through last season very much better than we did the season before—largely because our office organization was much better. In a business such as ours efficient office organization is of the very greatest importance, and I am free to say that our business in this respect in the past was far short of what it should have been. We have—a few months ago—opened an Audit Department in the Company's business with a view to obtaining a certain check day by day on the progress of the business. Our aim is to get to the position where we will have profit and loss accounts every month from every department we are operating. The business has now grown so large that it is impossible for the Executive of the Company to commence to give personal attention to the detailed work of the office. Our aim is to get good reliable men in charge of the various departments and they are often difficult to get.

COUNTRY ELEVATORS

When we closed our year at the 30th of June, fourteen months ago, the business we had done through the space rented in the elevators of the Manitoba Government for the year previous showed a profit of several thousand dollars. In the next two months this was changed to a considerable loss through grain in stock at that time going out of condition before being unloaded at the Terminals. At that time we frequently had daily several cars of grain that were given a

straight grade by the Inspectors in Winnipeg and were yet out of condition and heated when unloaded at Fort William later. The congestion at Fort William at this time was very bad, particularly during the month of July. You will recall that a resolution was passed at the Shareholders' meeting a year ago authorizing the Directors to lease the Manitoba Government system of elevators. This was done on practically the terms outlined at that meeting. This system embraced 174 elevators. At many points the Government owned all the elevators at the point and at a good many points there were more elevators than the business required. Of the 174 elevators, we operated 135—leaving about 40 which were not used. A considerable loss was sustained in the operation of these elevators in the past season. This was due to several causes:—

First—The lack of time to get the system organized after we decided to lease it, at our Annual Meeting a year ago. The Company had only about five weeks to get all the machinery created for this work, including office organization and securing buyers and travellers. The result was what might be expected. For the first few months of operation there was a great deal of confusion, both in the office and out of it. Inexperienced clerks had to be broken into the business and a great many of the buyers we secured to operate the elevators were inexperienced men. The result of this was that the expense in many ways was far greater than it should have been and grain was not handled with proper judgment in many of the elevators. We naturally found the stiffest kind of competition from the milling companies and the old line elevator companies at the points where we clashed with them. Our charges were fixed somewhat low for handling the grain, viz., $1\frac{3}{4}$ c. where wheat was cleaned and $1\frac{1}{4}$ c. where it was not cleaned. This distinction had to be made as there were many points where we were unable to clean wheat and it would have been unfair to make the handling charge the same as at points where elevators were equipped with cleaners. In addition, we found in many cases that our competitors were handling grain for as low as 1c. per bushel. In

spite of these causes, however, we might have brought the elevators through with little or no loss if it had not been for the extraordinary loss on grades we suffered in our purchased grain, despite the very greatest care that could be taken. We handled through the elevators a little over 8,600,000 bushels of grain. Of this, slightly over 4,000,000 bushels was purchased by cash tickets—the balance being shipped on consignment. Of the 4,000,000 purchased by cash ticket, 750,000 bushels lost grade, this loss being practically all from straight grade to tough. The spreads on tough grain were very wide last season, which made our loss greater than if the loss had only been from one grade to another.

During the first three weeks of the grain season we bought no grain at all. The Inspection Department having in mind their experience of the year previous (when considerable quantities of grain went out of condition after it was shipped from Fort William for export on Government Inspections) were not taking any chances on the inspections. Towards the close of last year the Inspection Department placed several Moisture Testers in their Inspection Office for the purpose of actually testing the moisture contents of grain. We secured two of these small machines ourselves—one for our own Grading Department in the office and one for our Terminal at Fort William. A marked difference was noticed in the inspections after the Moisture Tester was put into effect. The percentage of tough grain inspected rose very rapidly. During the months of October, November and December we had purchased quite large quantities of grain in country elevators, which, for lack of cars, we were unable to get out: and as I have already stated, our purchases were made with the greatest of care—judging as closely as we could from the inspections given prior to the time I have mentioned. The inauguration of the Moisture Testers demonstrated that a large quantity of the grain that had been purchased as straight grades was not fit to go into that class. The result, I have stated above, in the loss of grades we sustained. We found that some of our best experienced men operating the elevators had often the poorest results.

In this respect the crop of last season was unquestionably the worst that has ever been harvested in the Province of Manitoba.

Again, we found that many of the elevators were quite expensive to operate. Ten, or even five, years ago almost any individual could take a country elevator and bring it out right. A very great change has since taken place. The economy in operation of a country elevator may mean the margin of profit or loss on it for the season. With the present keen competition, resulting from our entry into the field, that exists in this Province it is absolutely necessary to have experienced men who can bring good business judgment and tact to bear in the discharge of their duties in the country elevator. If one contrasts the condition that exists now with what existed say in the year prior to the organization of The Grain Growers' Grain Company, the very striking change is at once noticed. In the Province of Saskatchewan, where conditions are newer, the same conditions largely prevail that governed in Manitoba several years ago. These, however, in the course of a few years will also change—largely because of the work The Grain Growers' Grain Company is doing and also particularly the work the Saskatchewan Co-operative Elevator Company is doing in that Province. The same holds true in regard to Alberta with its new line of elevators.

The question will naturally arise in your minds as to what the prospects are for the present season on our elevator business. It is yet a little too early to say. For weeks past, since the grain began to move—particularly where the milling companies have elevators located—farmers have been offered practically track price for their grain by the waggon load, and when a farmer has the opportunity to sell his grain under these advantageous conditions, he naturally takes it. The milling companies can easily do this. Our wheat, this year particularly, is of excellent milling value and very little difference exists in this respect between one and even three Northern. The milling companies can consequently pay the full price almost, irrespective of the grade, while their competitor—who is not milling it, but selling on the inspection received in

Winnipeg—runs a chance of having his grain graded down a grade or two because of some defect that does not affect its value from the milling point of view. This also applies to dockage. It is not an exaggeration to say that in the past six weeks we have lost several hundred thousand bushels of grain at our country elevators because we insisted on our men securing dockage that would clear them when the grain was inspected at Winnipeg. Some of this dockage was for broken wheat and some for other grains. All this surplus stuff the mills can make profitable use of, which gives them an additional advantage over us in purchasing grain. In addition, the Company now owns in Manitoba six elevators outright, of which we built four and purchased two. At the points where these elevators were secured, from \$12,000.00 to \$15,000.00 worth of stock was subscribed and sufficient business assured to justify going ahead. We had several similar requests from other Manitoba and Saskatchewan points. I might state here that the Manitoba Government notified us—according to the terms of our lease—that they wished the arrangement to expire at the end of the present year. We have not been advised as to what the Government intend to do with the elevators. I think, however, that the Shareholders should at this meeting give the Directors power to deal with the matter in whatever way they may think best.

EXPORT COMPANY

As a very heavy loss has occurred in the Export Company organized two years ago, for which The Grain Growers' Grain Company is liable and which you will be asked to consider in the accounts, I desire to deal with this phase of the business at some little length.

The ideal of the Company has always been to reduce to the lowest possible point the cost between the producer in Western Canada and the consumer in the Old Country, where our grain largely finds its market. In the second year of the Company's business, 1907-8—when we had a money stringency somewhat similar to that which has existed this past year—we found that

the conditions existing in the exporting of grain meant a very serious loss to the grain grower on the prairies. It is a fact beyond question that in the season of 1907-8 the apparent margin of profit in the exporting of grain for a considerable portion of the season was from 8 to 12c. per bushel. That condition apparently arose from the fact that practically only a few exporting firms could get the necessary money to carry on the business. This matter, some of you, at least, will recall, was discussed at the subsequent Annual Meeting of the Company and as a result, particularly of that year's experience, it was thought advisable by the Directors that the Company should engage in the export business with a view of becoming a factor in keeping (as nearly as could be done) the export values of grain—or in other words, the Fort William price of grain—at the point which properly represented its value. During the next few years the Company did a small exporting business in connection with its commission work and two years ago, for reasons that have already been explained to you, it was considered advisable to organize the Grain Growers' Export Company. This Company was organized and commenced business on the 1st of January, 1912. Without desiring in any way to open up an old controversy, I wish for a moment to refer to the differences of opinion that existed in the Directorate in the opening months of that year, which culminated in four of the Directors resigning in March. Without at all discussing the merits or demerits of that action, it had the effect of very largely disorganizing our business. No one in an office can discharge his duties properly when, to use a homely expression, "The cat is being pulled by the tail." After the withdrawal of the Directors in question the Company had a very large amount of ocean freight on its hands that had been secured on favorable terms with the intention of using it to fill sales to be made later. While a difference of opinion existed among the remaining Directors as to the best thing to do under the circumstances, it was decided to at once cut off the export business entirely and to relet to other exporters the freight which we held. It was found that it was impossible to advantageously

do this and when the time came around, grain had to be shipped to fill these freights. The Balance Sheet of the Export Company was taken off with the greatest possible care on the 30th of June a year ago, and those who were present at that meeting will recall that it showed the Company about even. Unfortunately, the next two months proved disastrous. Several shipments made from Fort William in the month of June, not only for ourselves, but we believe for other firms as well, went out of condition, some of it after it had reached Europe. This, of course, became known abroad at once and we found that purchasers on the other side simply would not look at our grain. Looking back now, the Company would unquestionably have been better if it had sacrificed the freights it had to fill, taken its loss and been done with it. It was, however, the desire to make the best of a bad situation that induced shipments to be made. The result was that very large quantities of the grain we had shipped in this way, both of wheat and oats, went out of condition—some of it on this side and some of it in Europe. Heavy charges had to be paid to have it treated and bring it to a condition where it could be sold. Before the business was finally cleaned up it had run into a very heavy loss. This, you can readily understand, gave us a great deal of anxiety. Had sales been made against the open freights we had, as was the original intention, very little, if any, loss would have resulted. There was no use in crying over spilt milk, however, the situation was there and had to be faced. There may be some consolation in the fact that the Company undoubtedly exercised a strong influence on Fort William prices as a result of its export activities, and in this way every farmer selling grain, indirectly benefitted. Personally, I felt at the time of the creation of the Export Company, as I feel yet, that the Company—to be a real factor in the grain trade—must have its export connection. In addition, the tendency of the grain trade in Europe

is to concentrate in the hands of a few strong firms. I have no hesitation in giving it as my opinion that indirectly our Export Company has made to the farmers very much more than the loss we have sustained. This loss is very largely due to the same reasons as the loss in our Elevator Department, namely, the going out of condition of grain. It is also a fact that your Executive Officers and Directors were handicapped by their ignorance of the methods and manner in which the business is done. In our eagerness, we have perhaps tried to do too much. I still think that with a little more time—with the experience we have gained—that the export part of the business can be successfully developed. I would indeed be sorry to have to admit that we would have to leave this field to others.

CO-OPERATION

We have now dealt with the darker sides of the Company's business for the past year and I have no doubt it will be a relief to you to see some of the brighter sides of it. As outlined in my address last year, your Directors have been slowly feeling their way in respect to the development of further co-operative efforts in the Company's business with a view of reducing the cost of many of the commodities which farmers use. With this end in view, a few months ago a small flour mill in Manitoba was leased (more in the way of an experiment than anything else) and a Co-operative Department opened in the office for handling it. Since then we have manufactured and sold over one hundred and thirty carloads of flour. Before commencing we estimated very carefully the basis on which we could sell our flour; and basing our calculations on the price of wheat at 82c. Fort William, we figured we could sell in carload lots anywhere in the Province of Manitoba our 1st grade of flour at \$2.55 per 100 lbs., with the prices in Saskatchewan and Alberta increased accord-

ing to freight rates. The wholesale price of the large milling companies at that time was \$2.70 per 100 lbs. This, you will understand, was their price to the local country merchant, or others who might be selling their flour. These in turn added anywhere from 20 to 40c. per sack, with the result that in many cases farmers were actually paying in Manitoba—and more of course in the other provinces, according to freight rates—more than \$3.00 per 100 for the 1st grade of flour. We undertook to sell our 1st grade at \$2.55 and other grades correspondingly lower. While we have not gone far enough yet to tell whether or not this is a safe basis to work upon, the results that we have had for the first four months indicate that it can be considered reasonably safe, for after paying off \$1,000 in advertising and other expenses incidental to the getting started of such an enterprise, we have on the cost valuation of our stocks of grain and flour, a fair profit at the end of these initial four months.

We have naturally encountered some keen competition from the milling companies at some points and many farmers are undoubtedly buying their flour cheaper as a result of our entry into the field. Our idea is to sell it in car lots and also through elevator operators, where an additional charge is made if we store it. As a result of the experience gained, we hope to make further improvements in the sale of this flour.

Our Co-operative Department also got in touch with the Ontario Fruit Growers' Association, with the result that we have sold in the past few weeks over four thousand barrels of apples to Western farmers. We have charged a commission of 10c. per barrel, so that all that stands between the farmers who have bought their apples in carload lots and the people who grow them in the East is the freight rate and 10c. per barrel. These apples can be laid down on this basis—two-thirds 1st quality and one-third 2nd quality—from \$4.00 to \$4.50, according to freight charged. This also is experimental and no doubt further improvements can be made as the result of experience gained.

We are also handling coal through this department in carload lots and have already placed orders for,

and shipped, over one hundred carloads during the past month.

Lumber is another matter that is engaging the attention of the Executive Officers of the Company. I think it possible that in the next few months we will complete arrangements with lumber manufacturers whereby we will be able to sell lumber in carload lots as required, at a saving, we expect, of several dollars per thousand feet. The fact that we own our own timber limit will prove a very important factor in enabling us to make arrangements such as those just suggested.

In the matter of binder twine we have also been carrying on enquiries and hope to be able to do something along this line. We have secured the Canadian rights of a mechanical device which can be attached to any binder and which utilizes twine made from flax fibre, which in turn is made from flax straw after it has been threshed. Your Directors looked pretty closely into this proposition. They saw one of the machines with the device mentioned in operation in a field adjacent to the city, and it proved to their entire satisfaction that it would bind satisfactorily. It is estimated by the inventor that twine from this flax fibre can be manufactured for from one-quarter to one-third the present price of Manilla twine. It is the intention to look very closely into this whole matter during the present year. The option we have on the Canadian rights of this invention does not expire until next November and we are engaged at present in gathering all the information available on the matter. If it proves as successful as we hope, it will, in addition, afford a market for some of the flax straw that is now otherwise destroyed.

We wish to point out in this respect that the work we have done in this department up to the present time has been largely experimental and of course involves an expense. The results all around have been as satisfactory as could have been expected, and if we can give it the proper management, I feel certain that it will open up possibilities of great advantage to our Shareholders.

TERMINAL ELEVATORS

You will recall that at the last Annual Meeting the matter of leasing a Terminal Elevator from the C.P.R. was discussed. Shortly after the meeting this lease was effected and on October 4th a year ago we commenced operating Elevator "B and E" at Fort William. Up to the 31st of August—the end of the grain year—we had handled a little over sixteen and one-half million bushels of grain through this house and earned upon it a very good profit. The lease, I might add, can be terminated by either party giving a year's notice. Owing to the big increase in terminal storage during the past year in Fort William and Port Arthur, I doubt whether we will handle as much grain through the elevator this season as we did last year. The profits arising from this source depend, as in the country elevator, practically altogether on the volume of stuff handled. Our rentals on this property will amount close to \$70,000.00 per year. The operating expenses, including power, wages, etc., amount to approximately another \$80,000.00.

Several months ago your Directors also purchased a small cleaning elevator of about ninety thousand bushels capacity, situated close to the large terminal at Fort William, at a cost of \$130,000.00. The property is close to the centre of the city of Fort William and we believe will increase considerably in value as the city grows. The purpose in purchasing this elevator was to put ourselves in a position to handle some of the tough grain by mixing and also to clean cars that might be rejected. A year ago you will recall that the spreads on tough and rejected grades was from 8 to 12c. per bushel under the straight grades and this has frequently been the spread that has existed in the past. During the present season these spreads have not exceeded 5c. per bushel. During the first few months of operation this hospital elevator showed a slight profit. It is yet in the experimental stage, however, and more information will be available to the Shareholders, as to the wisdom of the purchase, at the next Annual Meeting.

After considerable thought, the Directors also

purchased a controlling interest in a small elevator out in New Westminster, close to Vancouver, in British Columbia. Prior to the purchase the Board asked Mr. Fream, our Vice-President, to investigate the property fully and to report on the wisdom of purchasing it. Mr. Fream spent some time in looking into conditions at the Coast and strongly recommended to the Board of Directors that the proposition be taken up. We have done this by securing control—on the approval of our solicitors—of the business known as the Grain Growers' B.C. Agency, the incorporated Company which owned the property in question. The cash outlay for this proposition was \$18,000.00. Your Board think it was a wise step, as it gives the Company, at a very low cost, the opportunity of preparing for the development of the grain trade that is bound to come in Vancouver after the opening of the Panama Canal. The Company will thus be able, we hope, to render good service to our Shareholders in Alberta and perhaps to those of Western Saskatchewan.

In addition to grain we will handle feed stuffs generally and we hope to be able to help the farmers of Northern Alberta in marketing their hay. This property, I may add, has been purchased since the close of our business year and we will, at the close of our present year, be better able to judge of the wisdom of its purchase.

FINANCES

We were able a year ago, as forecasted at our Annual Meeting, to arrange for the necessary money for our business. Owing to the condition of the money market, however, it cost us higher than in any other year. For the present year we anticipate no serious difficulty and unless something unforeseen miscarries in the plans already arranged, we will have sufficient for our requirements.

BALANCE SHEET

The Profit and Loss Account and Balance Sheet of the Company will be placed in your hands. This gives in a very compact form the position of the Company's business.

In The Grain Growers' Grain Company proper we have now six separate departments on which Profit and Loss and Balance Sheet Accounts are taken off periodically. These are all merged—for the purpose of the general statement of the Company—in the statement before you. I will not give a detailed explanation of this now. Mr. Bewell, the Shareholders' Auditor, will, as has been his custom in the past, explain the statement more minutely to you. Before proceeding to a close examination of the Profit and Loss Account it will interest you to know that the amount of grain handled last year was close to 30,000,000 bushels. In the Profit and Loss Account you will notice that after writing off over \$34,000.00 of the \$69,000.00 loss sustained on the Elevator Department—\$35,000.00 being carried forward—the profit of the Company for the year is over \$164,000.00. The figures before you will indicate the magnitude of the Company's operations. I think it possible that a considerable saving can yet be effected in the cost of running our machine. We have, for reasons which I need not state here, expanded very rapidly, more rapidly, in fact, than our organization for handling the business warranted. Our chief aim for the next few years should be, not to expand our business by opening up new departments in addition to those we have already established, but in getting thoroughly in hand the business we now control. The bookkeeping and accounting requirements are not easily filled and we have had great difficulties to contend with in this direction. Some of the men we secured at the commencement of the past season for this work—while they were recommended to us very highly—have proved disappointing. We have been obliged to call upon Mr. Scott and his staff to a large extent, and at a time when your Executive had more than enough to do with the management of the Company's affairs. It was fortunate that he was able to come to our assistance.

Early this year our Auditor very kindly placed at our disposal Mr. McNair, who had been his chief assistant in auditing the books of the Company for the past three years. This proved of very great

assistance to us. Later we reached an arrangement whereby Mr. McNair came into our employ at the beginning of July. As a result of this and other changes I look for a great improvement in our accounting during the next year. It is already manifest in the office.

I would like also to refer briefly to the Balance Sheet, which is the criterion on which our financial standing is judged.

The Auditor's remarks refer to the character of our investments. I will add to that but little. Our investment in the Home Bank is bound to increase in value. Our investment in the Public Press Limited, which prints The Grain Growers' Guide, is now past the experimental stage. Our Printing Company, for the first time in its history, earned a profit last year over its expenses—that is, in the combined newspaper and job departments. It might interest you to know that the staff of that institution now numbers 70 and that in addition to printing The Grain Growers' Guide last year, it did job work outside of The Guide to the extent of over \$60,000.00, upon which a very good profit was earned. The Guide is increasing steadily in circulation and its advertising revenue is also growing steadily. You can readily understand that a journal as outspoken as The Guide will not find favor with many advertisers. It has, in fact, on one or two occasions been told that it need not expect advertising from certain sources unless its policies along certain lines were changed. However, despite this handicap it has worked under, it has reached the point where it can be regarded as a permanent institution and I think our investment there can be regarded as sound.

The Public Press, I might add, has a very nice asset in its property. This property, consisting of 66 feet on Sherbrooke Street, close to Portage Avenue, was purchased four years ago at \$60.00 per foot. It is now worth, we are told, \$700.00 per foot, and will increase rapidly in value, as Sherbrooke Street is becoming a business street.

Our Lombard Street property stands in our books now at \$2,300.00 per foot. An independent valuation

of this property has been received, which gives its value at \$3,000.00 per foot. We have thus got it conservatively valued.

During the year we had the opportunity to dispose of our Farm Lands at a considerably higher figure than they stand at in our books, by way of exchanging them for Winnipeg property. However, as in almost every case it meant an outlay of further cash, the Board did not deem it advisable to dispose of them.

Our Timber Limits I consider the best investment the Company has. These stand valued in our Balance Sheet at 75c. per thousand feet. I had the opportunity several months ago of personally inspecting a portion of this timber and found it quite beyond my expectations. The railroad is graded past it at present and by next spring trains will be in operation. The timber is of good quality and is easily accessible to manufacture, which is a very important point. The very fact that we possess this timber will assist the Company, I think, to make good arrangements with lumber manufacturers now operating in British Columbia, to dispose of their product direct to farmers. I expect that this matter will be taken up during the present year by our Co-operative Department to see what can be done by way of handling it on commission for lumber manufacturers at the Coast.

I do not know that there are any other items in the Assets that call for comment, unless it is the amount carried forward under Organization Expenses and New Departments. A large amount of this is for the Elevator Department. We are reaping the benefit this season of a great deal of work done last year and the Directors and our Auditor quite agree that the present year should bear a portion of that expense. You will note that our subscribed Capital Stock has increased during the year over \$126,000.00 and our Paid Up Capital by about \$60,000.00. This, while not as great as we had hoped for, is still as good as could be expected owing to the conditions under which farmers have worked in Western Canada during the past two years and the money stringency that has prevailed. You will note from the Balance Sheet printed in this Annual Report that the reserves of the

Company, after provision for every possible known loss, is over \$160,000.00. The Shareholders at the Annual Meeting authorized the Directors to write off from the reserves all the loss on the Export Company, and after doing this our reserves stand at the figure above mentioned, namely, \$160,000.00.

I might add that by changing our year from the 30th of June to the 31st of August we have reduced our profits considerably to what they would have been at the 30th of June, from the fact that July and August have always been unprofitable months in the Company's business. The reason for this is easily seen. Very little grain is coming forward then and the Company is under a heavy expense in maintaining a staff and getting ready for the next season's business. We have thus had four unprofitable months in this year's statement, whereas we had only two in the previous statements and you can readily understand from the heavy expense we are under that this has considerably reduced our profits—I estimate as much as \$25,000.00.

REVIEW

A brief word of review of the progress the Company has made and what it has accomplished since its organization seven years ago, is not out of place. You will bear in mind that the purpose of the Company at its commencement might be described as two-fold:—

1st—To improve conditions in the marketing of grain so that the grain grower could sell his product in a freer way, that would give him a greater return for it than had pertained under conditions that existed prior to the organization of the Company; and,

2nd—To carry on a general educational work, to the end that our farmers might be more directly acquainted with the methods of Government, with the object in view that better citizenship could be developed and the social life of the community enlarged and benefited.

In both these fields the Company can claim to have more than justified its being brought into existence. Never in the history of the Company have the farmers

of Western Canada marketed their grain under such advantageous conditions as they have during the past three years. This applies, not only to the handling of their grain before it reaches the terminal points, but more particularly after it has passed the terminal points, when it passes into the hands of exporters to reach the world's markets.

While the loss on our Export Company has been very heavy—due largely to conditions which the Company could not control—the result, nevertheless, from our activity in this direction has been, that never in the history of Western Canada has the grain export business been done upon such a narrow margin as during the past three years. I wish to make it clear that I am not urging this as a justification in any sense for the loss that has occurred, but I do wish to point out, as clearly as it lies in my power to do so, that as a result of this business, which has caused a loss, the farmers of this country have indirectly reaped benefits in dollars and cents that cannot be calculated. One cent per bushel on our total crop is now over \$2,000,000.00 per year. There is also the phase of the business on this side of the terminal points. Seven years ago not many farmers were offered the facilities for handling their grain through line elevators that they now enjoy. Not only has the success of the Company under the most adverse conditions given encouragement and stimulus to co-operative effort in many other directions, in the sphere of the local Associations that are now buying many of their staple commodities on the car lot plan, but it has done this in a far greater sense. I believe it was the success that The Grain Growers' Grain Company had achieved that made it possible for the Co-operative Elevator Company of Saskatchewan and the Co-operative Elevator Company of Alberta to be started under the very favorable conditions upon which they commenced their business. If the farmers had not demonstrated through the agency of The Grain Growers' Grain Company that they could do their own business successfully in face of the greatest obstacles, I doubt

if the Governments of Saskatchewan and Alberta would have given the generous assistance they did give in the creation of the new companies in those Provinces; and I wish to emphasize here, as I have done in the past, that this Company has only touched the fringe of what it can achieve in the way of improving conditions surrounding farm life.

As you are now aware, we have entered the field of trying to cut down the cost of some of the articles that are in almost constant use on the farm. I wish to make it unmistakably clear to you that in entering this field we are arousing—and will arouse in a still greater degree—the hostility of practically every business interest. The country merchant who sees some of his profits disappear on such articles as flour and apples, and the local lumber merchant who sees the possibility of his profits disappearing in the sale of lumber and coal, will not be slow in raising their voices in protest and misrepresentation of the Company. Already it is being done, and in this respect a very clear duty rests with the Shareholders of the Company and the grain growers generally, who will benefit by this forward step. It is a matter of common knowledge to the Executive of the Company that there are hundreds of shippers of grain who should be strong supporters of the Company, who use it to extract a higher price for their grain from our competitors; and some of them have not been slow to criticise the Company because it will not go out and buy grain at as high a price as these competitors will pay in the hope of discrediting the Company thereby. We are past the experimental stage now. There can positively be no doubt as to the work the farmers of this country can do to improve their own conditions, if they stand together. I venture the assertion that the cost of living and producing their products can very greatly be cut down in the next few years, if they will stand together, loyally support their own institutions and refuse to be influenced by the misrepresentation they hear from interested people who pose as their friends, but who are really opposed to them. There have been scores of cases in the past two months where the Company lost cars of grain

because its price was one-eighth cent per bushel—or about \$1.00 per car—less than what some one else would pay. The farmer who will send his grain elsewhere on a consideration of this kind is a very short-sighted individual. If the farmers of this country are going to place their own institutions—that have already done so much for them—in the same class as those interests that have been robbing them for the last 25 years, then I am free to say that there is not much encouragement in trying to build up great co-operative institutions, whose aim is to give farmers their supplies at cost and to place their products on the markets of the world with the least possible expense. I believe, however, that our farmers—all of them—can be brought to support their own organizations and that as the educational work goes on they will refuse to listen to the many interests whose own existence depends on their ability to destroy co-operation among farmers.

While this has been the story as far as our efforts to improve conditions in the sale and purchase of commodities, the Company has achieved fully as great a result in the educational work it has done; and I think unquestionably the greatest work The Grain Growers' Grain Company has accomplished was in opening the way for the Grain Growers' Associations to have an official organ of their own, namely, The Grain Growers' Guide. The real influence this journal will exert has scarcely yet commenced to be felt. Through its agency, information relative to public questions—Co-operative work, the Tariff, Direct Legislation and many other matters of first importance—have been given to the farmers of Western Canada that would in no other way have reached them. The Guide is the great unifying force in our Western Associations. The one thing that must come home to every well-wisher of the grain grower in Western Canada is that the problems he has to solve—whether in Manitoba, Saskatchewan or Alberta, or even in Ontario and the Eastern Provinces, for that matter, are the same problems. If a division of forces is permitted to develop, the energy which should be expended in the common benefit will be largely dissipated in useless

rivalries and jealousies. Our Associations and our business organizations are now passing through their critical years. The next four or five years are the most important in their history. The improvement of conditions, both in Government and Commerce, must be the single purpose of those who range themselves under the banners of the grain growers. Selfishness of the farmer—either as an individual or as a class—must not be permitted to develop if we are going to attain the highest and best development, either in Commerce or Legislation.

What has the Company achieved in the seven years of its history, or even more to the point, what has it achieved in the last year? It has handled the largest commission business—and I think satisfactorily—of any single concern in the grain trade. It has taken on the handling of a terminal elevator with all the responsibility that attaches to it. It has taken on a line of elevators in the Province of Manitoba and has carried them through—with a loss, it is true—but under the most adverse conditions that can well be imagined. It has purchased an elevator at Fort William and another at Vancouver, by which it hopes to still further enlarge the benefits of its Shareholders and farmers generally. It has leased a flour mill and has entered in an experimental manner into that business and has already in this field—in the area in which its influence is felt—reduced the cost of flour. It has opened a Co-operative Department and is handling apples and coal at reduced prices to farmers, and hopes within a short time to handle lumber and binder twine as well. Since it commenced business seven short years ago it has handled considerably over one hundred million bushels of grain, and has secured control of a valuable timber area in British Columbia, that will in the future very largely insure farmers getting their lumber as near cost as possible. It has made it possible for the Associations to have a newspaper—printed in its own establishment—that in five years has built up a circulation of close to 35,000; and a job printing establishment that in addition to the newspaper did outside job work last year amounting to over \$60,000.00. It has given in the last five years over \$40,000.00 in

actual cash grants for educational work, to The Guide and Grain Growers' Associations, and has never paid less than a 10% dividend to the Shareholders upon the money they have invested. It has, outside of this, improved the conditions under which grain has been marketed and has passed through its hands, one way and another, during the past year, over \$60,000,000.00—has done all this on a paid up capital very small in comparison to the volume of business done; and in spite of heavy losses has, on a safe valuation of our assets, every dollar of the Shareholders' money intact and reserves, in addition, over \$160,000.00; and this, let it be added, has been achieved despite the bitter and continued opposition of the grain trade and many other interests that do not look with favor upon our development, and without a dollar of assistance from any outside source, such as our sister companies—the Saskatchewan Co-operative Elevator Company and the Alberta Farmers' Co-operative Elevator Company—have received from their Governments.

Gentlemen: I think the record—taking everything into consideration—is one of which we need not be ashamed, and my closing word to the Shareholders of the Company is this:

Still greater achievements lie ahead of us in the future. Whether we rise to the accomplishment of them or not depends to a very great degree on the personal individual support of each Shareholder in whatever locality he may be placed.

I was recently told a story of the early days of the Scottish Co-operative Societies. One of these societies was experiencing bitter opposition from the other merchants and dealers in the town. It was endeavoring to supply groceries to its members and on one occasion received a consignment of very bad butter. The butter had been paid for and they could not afford to throw it away. The members of that society—poor working men—took that butter and used it, and as one of their members remarked, would have used it if it had choked them. It was a splendid example of loyalty to their own institution and the measure of support they were prepared to give no

matter what obstacles stood in the way. That loyalty and that support in thirty years built up an institution that today is operating its own factories, turning out everything that the members of these Societies use in the way of clothing or food and turning it out at cost; and which supplied, in the first six months of the present year, goods to its members to the value of almost \$22,000.000 and on which a profit of over \$850,000.00 was made. The outstanding feature of their success was loyalty to their own institution. I know of nothing today that is of greater importance than this—Be loyal to your own organizations. There may be disappointments. There may be failures. In the nature of things there are bound to be. Every enterprise, be it big or little, that tries for better conditions, has its hard row to hoe. Don't, however, lend your ear to those whose interest it is to knock and misrepresent. Rather determine that as far as in you lies, you influence and power will be used wherever possible to extend those principles of Co-operation and Goodwill on which, very largely, your own freedom and welfare depend.



Invest
Sto
Re

Adva
de
Stocl
In
Fanc
Offic
Orga

(

48

Balance Sheet as at 31st August, 1913

ASSETS

Investments		\$852,746.03
Stocks and Shares	\$344,130 66	
Real Estate	343,486 65	
City Properties	\$299,431 91	
Farm Lands	44,054 74	
	<u>\$343,486 65</u>	
Elevator Buildings	165,128 72	
	<u>\$852,746 03</u>	
Advances on Bills of Lading and other debts due the Company		213,842.81
Stocks of Grain—In terms of Approved Inventories		228,064.94
Funds in Hands of Paying Agents		9,422 28
Office Furniture and Supplies		18,119.22
Organization Expenses		48,957.44

LIABILITIES

Capital Stock (Subscribed, \$809,950.00), Paid up		\$645,361.80
Accounts Payable		225,772.60
Bank Account Overdrafts		243,391.67
Dividend Account		62,856.98
Profit and Loss Account		10,769 67
Amount at credit thereof, as per separate Statement	\$170,236.50	
Deduct Dividend at rate of 10% p.a.	\$62,856 98	
Transferred to Reserve	96,609 85	
	<u>159 466 83</u>	
	\$ 10,769 67	
Special Reserve		90,424 54
General Reserve		162,575 46
		<u>\$1,371,152 72</u> <u>\$1,371,152.72</u>

Certified correct.

JOHN SCOTT, C.A. }
W. H. BEWELL } Auditors.

Winnipeg, 25th November, 1913.

Moved by Mr. Sheppard, seconded by Mr. Davison :

"That this Shareholders' Meeting authorize the Board of Directors to set aside out of the Reserves of the Company a sum sufficient to provide for losses incurred through the operation of the Grain Growers' Export Company." Carried unanimously.

Winnipeg, 25th Nov., 1913.

WM. MOFFAT, ESQ.,

SECRETARY-TREASURER,

THE GRAIN GROWERS' GRAIN CO. LTD.,

KEEWAYDEN BUILDING.

WINNIPEG.

Dear Sir:—

I beg to enclose herewith the Profit and Loss Account and Balance Sheet, duly certified as correct by Mr. Bewell and myself, which is now the position of affairs of the Company after giving effect to the Shareholders' Resolutions at their Annual Meeting on 11th and 12th November, 1913. Kindly return after it has served the purpose of the printers.

I think this now brings us to the end, and I am free to confess, Mr. Moffat, that it marks the completion of the hardest fourteen months in the Company's history that I have experienced

I can well imagine I hear you make the same claim. You will, no doubt, recall on the occasion when Messrs. Crerar, Kennedy and yourself discussed with me in September, 1912, the Company's affairs, it was promised you that you would have the hardest year's work you ever had, and though you seemed, to the amusement of those of us who knew from past experience the many and varied difficulties, skeptical, I should be very much surprised if your views have not since undergone a very radical change. Permit me to add that I consider the Company is to be congratulated in now having on their Board one who is able and has so capably discharged the duties of Secretary

It has been hard work and a trying time for you all, but I hope a happier year is entered upon.

I have met you, Mr. Cregar and Mr. Kennedy, very frequently during the past fourteen months in connection with the Company's affairs, and let me take this opportunity of adding, on behalf of my staff and self, that the considerate attention accorded me by you all on the many occasions when the accounts and affairs of the Company were under consideration, has been much appreciated.

Circumstances arising in the past year have forced me more perhaps to the position of accounting to you, but I am glad to think the Company have in Mr. Murray, their Manager, together with Mr. McNair (lately of my own office for a number of years), young men of energy and ability who will take a keen and helpful interest in the results of the Company's future operations.

A huge business has now to be looked after, which requires a large and capable accounting staff, and as I have said from the beginning, this should receive the constant attention of you all.

Yours faithfully,

JOHN SCOTT,
Chartered Accountant



Remarks by Shareholders' Auditor

Supplementing the Financial Statement, which has been adjusted to conform with the Shareholders' resolutions of the Annual Meeting, I respectfully submit the following explanatory notes, a careful perusal of which, together with the Financial Statement, Mr. Scott's letter to the Secretary, and the President's address, which are embodied in the Annual Report, will enable any Shareholder to become acquainted with the results of the operations of the Company during the past business year, and it may be, realize to a limited extent some of the difficulties and problems that call for solution in a Company of such magnitude.

VOLUME OF BUSINESS—During the year the Company received 23,780 cars of farmers' grain, containing in round numbers 19,500,000 bushels of wheat, 6,250,000 bushels of oats, 1,900,000 bushels of flax, and 2,325,000 bushels of barley, a total of 29,975,000 of farmers' grain, an amount larger than in any previous year, and almost equal to the total amount handled by the Company during the first four years of its operations.

This excellent result is but a slight indication of what may be accomplished where a considerable number of farmers, Shareholders and non-Shareholders, stand together in support of a farmers' Company, which exists only for the improvement of conditions, and where its operations and possibilities for usefulness are limited, chiefly, if not wholly, by the volume of support it receives in grain receipts, in sale of Capital Stock and in its various enterprises and activities. So far as I have been able to ascertain there is no instance on record of any similar Company having accomplished so much, in the same length of time, with the amount of capital at its disposal, and yet it is realized, especially by those most familiar with the work

and outlook of the Company, that with larger capital available even more effective work might have been accomplished.

PROFIT AND LOSS ACCOUNT—INCOME—

Under the sub-headings "By Grain" and "By Dividends on Investments" is shown the income of the year derived from the revenues of the several operating departments, viz.—Commission department, line elevators, terminal elevators, terminal "H" or treating elevator, the co-operative department and the Calgary office.

The item "By Grain" includes the income derived therefrom in commission on consigned grain, the revenue from purchased grain, elevation charges, elevator storage, cleaning charges, removal of bulk-heads, sale of screenings, adjustment of overages and shortages, flour, feed, etc., in co-operative department.

The item "By Dividend on Investments" includes the dividends received from Traders Building stock, Home Bank stock, and the rentals from the Lombard Street property and the Portage la Prairie farm lands.

EXPENDITURE—SALARIES AND WAGES—

This item includes the salaries or wages of the officers and office staff, the elevator operators, operators' assistants and helpers, buyers and travellers, etc., engaged in the various operations of the Company, as follows, viz.—Line elevators \$183,163.42, terminal elevator \$50,514.91, terminal "H" \$4,042.72, co-operative department \$4,024.43, and the commission department, including Calgary branch, \$77,853.55. It may be interesting, as indicating in some measure the size and scope of the Company's operations, to note that during the busy months 346 names are on the pay roll, of whom over 200 are engaged in connection with the line elevators.

GENERAL EXPENSES—Under this heading are included from all departments a large number of items of expenditure, viz.—Business tax, Grain Exchange fees and dues, cost of bonds of officers of the Company, cost of bonds as commission merchants and track buyers, translation of correspondence in foreign lan-

guages, printing President's address and Auditor's reports for 1912, printing and mailing daily price lists, subscriptions to commercial journals for office use, brokerage, advertising, office supplies, rent and light, caretaking, postage, Directors' fees and expenses, Auditors' fees and expenses, legal fees and expenses, telegraphs and telephones, depreciation in furniture, bank postage and insurance, sampling, elevator supplies and fixtures, insurance on grain, registrations, expressage, inspection and weighing, switching charges, sacks, interest and exchange, loading charges, licenses, mill expenses, agents' commissions, line elevator repairs and expenses, and a large number of minor items of expenditure.

RENTS OF ELEVATORS—The amount in this item includes the rentals of the interior or line elevators \$68,688.91, and of the terminal elevator \$62,599.16.

POWER AT ELEVATORS—The amount here shown includes the charges for power supplied the terminal elevator \$30,856.76, and that supplied terminal "H" \$373.77. The amounts so charged are provided for in the accounts presented, but have been disputed by the Executive on the ground of overcharge. At this writing a final adjustment has not been reached, but it is confidently expected that a substantial reduction in the amount will be effected, and by so much the profits of the year increased.

DONATIONS—During the year donations were made to hospitals, and to various charitable and philanthropic institutions, considered worthy of support, amongst them being Winnipeg General Hospital, St. Boniface Hospital, Social Service Home, Home for Emigrant Girls, Ninette Sanitorium, Tuberculosis Society and St. Joseph Orphanage.

BALANCE—Deducting the expenditure of the year from the income leaves \$164,332.57, which represents the profits of the past year's operations. Add to this \$5,903.93, the balance to the credit of Profit and Loss Account from previous years' operations, gives \$170,236.50 as the amount to the credit of this account carried to the Balance Sheet and its disposition there given.

GRANTS TO ASSOCIATIONS—During the year grants were made to the Manitoba Grain Growers' Association, the Saskatchewan Grain Growers' Association and the United Farmers of Alberta to the amount stated. As will be seen, these grants, approved by the Shareholders in Annual Meeting in July, 1912, on the basis of the earnings of the year then closed, have been charged to the Profit and Loss Account of that year, as have other sundry items, as shown in the adjustment of this account.

ASSETS—INVESTMENTS—A frequent and careful examination of our investments shows that they are very satisfactory in character and good in results, either as revenue producing, as rapidly increasing in value, or from the moral and educational effects resulting from the support thus given the Public Press Ltd., or in the facilities thereby secured in carrying on the extensive operations of the Company, or, it may be properly added, in materially aiding the Company in its efforts to secure for the producer a price for his grain more nearly to its actual value than formerly prevailed. These investments consist of stock in Home Bank and other companies, including a controlling interest in the Western Farmers' Lumber Company, with very valuable timber rights in British Columbia. Real estate in Winnipeg, on which independent valuation gives much higher value than that included in the Balance Sheet, and farm lands in Portage la Prairie district. Elevator buildings completed and in course of construction, including terminal "H" at Fort William, and Grain Exchange seats in Winnipeg, Calgary and Vancouver.

ADVANCES, ETC.—Under this heading are included advances on farmers' grain, which are adjusted as sales are made. Accounts and bills receivable and other miscellaneous collectible accounts.

STOCKS OF GRAIN—This represents the value of the grain in stock on August 31st, as per inventories certified to by the officials of the Company.

FUNDS IN HANDS OF PAYING AGENTS—

These amounts have been verified with statements submitted by the payers at the various points.

OFFICE FURNITURE AND SUPPLIES—

This item represents the value of the office furniture and supplies after writing off the usual depreciation on all office furniture; the supplies, representing stocks of unused stationery, etc., being in terms of inventories.

ORGANIZATION EXPENSES—

The benefits arising from organization are presumed to be lasting in their effects, and it is the usual practice to spread the outlay thus incurred over a term of years. The amount given in this item, although paid, is not chargeable to the business of the past year, and hence is, for the present, included in the Assets of the Company. This item includes one-third of the organization expenses incurred by the Commission Department for the year ending June 30th, 1912, and two-thirds of such outlay by that department for the year just closed, together with a portion of the expense incurred in connection with the line elevators, much of the expenditure in this department being of the nature of organizing expenses.

LIABILITIES—

As usual, the greater part of the liabilities is to our own members, the Capital Stock, the dividend account, and the balance to credit of Profit and Loss Account wholly so. Much of the amount of bank overdrafts being caused through advances on bills of lading will vanish through farmers' settlements. The Liabilities of the Company to others than its own members are chiefly in the item Accounts Payable, the greater part of which consists of deferred payments on elevators purchased, or in course of construction, the remainder being trade accounts and sundry outstanding accounts, including accounts accruing but not then due.

CAPITAL STOCK—

This amount represents the paid-up Capital Stock. The subscribed Capital Stock on the same date was \$809,950.00. From this it will

be seen that 20% of the subscribed capital is still unpaid. In view of the fact that the Company's field of usefulness is limited, chiefly by its available capital, it will be readily seen that if all Shareholders in arrears would pay up the balance due on their shares of stock, it would be of decided advantage to the Company in all departments of its business operations.

DIVIDEND ACCOUNT—This amount shows the sum necessary to pay the ten per cent. dividend declared by the Directors. This dividend was sent out to Shareholders in August, but being a charge upon the profits of the year, is entered in the Liabilities in order that the disposition of the Profit and Loss Account may be clearly set forth under that heading.

PROFIT AND LOSS ACCOUNT—The credit of \$170,236.50 brought over from Profit and Loss Account has been disposed of as here shown, viz.: \$62,856.98 distributed in dividends, \$96,609.85 transferred to reserve, leaving the balance, \$10,769.67, still to the credit of Profit and Loss Account.

RESERVE—After transferring \$96,609.85 from Profit and Loss Account to Reserve, and giving effect to Shareholders' resolutions at the Annual Meeting, we have now a Special Reserve of \$20,426.54 and a General Reserve of \$162,575.46.

The net results of the business of The Grain Growers' Grain Company Ltd. for the past year are satisfactory. Shareholders have received the usual dividend from the profits earned, and from the profits a large amount has been transferred to Reserve. Our capital remains intact, and the various departments of the business have become more fully equipped for future usefulness.

THE GRAIN GROWERS' EXPORT COMPANY LTD.—From causes chiefly arising or resulting through business incompleteness at the close of the previous year, the abnormal grain conditions which followed, and partly, it is admitted, through some errors of judgment or procedure in the unusual situation that existed, the results of the Export Company's operations were

disappointing. On June 30th, 1912, the Export Company had on hand very large stocks of grain; these were considered at the only available valuation, i.e., the closing prices for the various grades on that day. On this basis a small profit was shown at that time, but the loss of grades, extra charges, etc., through grain going out of condition, and later falling prices, before such grain could be disposed of, resulted in a heavy loss.

It should not, however, be forgotten that the fact that our Export Company was doing business had a good effect upon the markets, so that even though that business was not remunerative to the Company, every shipper of grain received benefits resulting from the fact of our Export Company's operations.

Our past experience demonstrates that where our Company seeks to do the greatest good to the largest number, there it will meet the bitterest opposition and be most likely to sustain loss. In view of the improved conditions resulting from export operations, and improvement of conditions is the chief object of our organization, and for which our Companies exist, it would, in my opinion, be a mistake to entirely cease all export considerations. I believe that the Company should at least keep closely in touch with that branch of the trade and be ready to engage therein if occasion requires, as there is little doubt that benefits already obtained will soon disappear, should we cut all connections therewith. I am still of the opinion that an export business upon a contract basis can be conducted with profit to the Company, and benefit to all shippers; however, with the available capital in our vast business, it would seem wise to restrict operations to defensive rather than aggressive operations, until at least more capital is available, unless conditions arise that call for more extended operations.

Shareholders generally will appreciate the fact that after providing for all contingencies, and giving effect to the resolutions of the Shareholders passed at the Annual Meeting, The Grain Growers' Grain Company Ltd. has, in addition to a Special Reserve of \$20,424.54, a large General Reserve of \$162,575.46.

On the completion of our audit for the year, and

during a conversation reviewing the past, a remark, which I heartily endorse, was made by our Chartered Accountant, Mr. John Scott, as follows:—

“In looking over the whole period, and the seemingly insurmountable difficulties of every description met with by the Executive, and notwithstanding the heavy loss on the Export Company's operations, it is a matter of no small satisfaction that the position of the Company today is on a sounder basis than at any previous time in its history”

NEW ENTERPRISES—The Co-operative Department, opened in May last, has already established its usefulness. Terminal “H” taken over in July seems to be a promising enterprise. The operation of the line and terminal elevators has opened fields of activity that should prove of great service to all concerned.

The organization of these new departments, more especially the line elevator and terminal elevator departments, entailed an immense amount of extra work upon the Executive officers. From the taking over of these elevators until the opening of the shipping season was but a few weeks—a time entirely too short for the work involved. Managers, inspectors, buyers, travellers, operators, assistants, etc., had to be engaged to meet the requirements of all these elevators. Systems of books, forms, etc., had to be devised and manufactured, adapted to the peculiar work of each of these departments, as also corresponding office staffs engaged, and each person fitted into a place. A herculean task indeed for the time available. That in the rush of work there were some misfits is no matter of surprise. Where those engaged proved incompetent changes had to be made. This took time and caused delay and some dissatisfaction, but every effort was made to improve the system and the staff, until, after a few months' experience, the system in operation and the staff employed are such as should render efficient and satisfactory service in the conduct of these departments.

FINANCING—For the present it requires all the money that the Company can possibly get to handle the grain business properly. This must be apparent

to anyone who will consider that the huge business of the Company is being carried on with a paid-up capital of \$650,000.00, the overturn of business last year exceeding \$60,000,000.00. Our Shareholders are constantly urging further co-operative effort, much of it upon commendable lines. All this, however, requires further capital and if the Company is to keep pace with the desires of its friends, and avail itself of the many openings for usefulness that present themselves, the only practical means to this end is to be found in increased support, not only in all the activities of the Company now in operation, important as these are, but especially and emphatically through increasing the paid-up capital of the Company, both by present Shareholders taking more shares and in urging their non-Shareholder neighbors to purchase shares in the Company, as well as by those in arrears completing their obligations.

THE GRAIN GROWERS' GUIDE—An important factor in the Grain Growers' movement, and indeed in the life and progress of Western activity, is The Grain Growers' Guide, the official organ of the Grain Growers' Associations and the United Farmers of Alberta. From small beginnings, and despite bitter opposition, The Guide has attained to great prominence and usefulness. Its circulation now exceeds 32,000 copies weekly. The Guide was established in order to give the organized farmers an authoritative mouth-piece. Its strong advocacy of our progressive platform, and its treatment of the various interests affecting our farmers, shows that it is fulfilling this function. It is the pride and pleasure of our Shareholders generally that our Company has been able to render the financial aid necessary to establish and ensure the permanency of The Guide, despite the many difficulties it has had to encounter. The best interest of the farmers of the West will be well served when The Guide becomes a weekly visitor to every home.

MISCELLANEOUS—In my remarks in the last Annual Report I pointed out some of the causes, such as errors or omissions in making out bills of lading, etc., which led to trouble and delay in this office, and

annoyance, and sometimes loss to the shipper. The office instructions to shippers also have been made more definite and clear. It gives me much pleasure to say that thus far this year complaints have been very few indeed. Accuracy in making out the bill of lading and definiteness in giving the instructions as to sale of car, remittance of proceeds, etc., reduce very greatly the causes for delay, annoyance or loss, both to the shipper and to this office. If any shipper has, or even for the moment thinks he has, ground for complaint in the treatment of his consignment, he should promptly write stating clearly his ground of complaint, thus giving the office opportunity to explain, or correct if error there be, rather than spread abroad his complaint, which, of course, can only do harm to all concerned. From my knowledge of those in charge of the various departments, as well as of the officers of the Company, I feel confidence in saying that I believe no wilful, or even willing, injustice is done to any one at any time. In the great rush of business errors are possible, or it may be that statements at times are not sufficiently clear, but if the shipper who thinks that he has not been properly treated will state his case to this office fairly and promptly, he will at least receive an explanation, and if it is found that he has sustained any loss through any fault of the Company that loss will be made good. At the request of the Directors, and by consent of the Shareholders in Annual Meeting, I shall, as far as possible, be pleased to make personal investigation into all complaints that reach this office and report my finding to the officers of the Company, who I am sure will give such report proper consideration.

Seven years, strenuous years, have passed since our Company was launched for business. During that time much has been accomplished, but even yet we have but touched the fringe of its possibilities. Its future, the realization of its complete success, influence and usefulness, are in the keeping of the farmers of the West

Respectfully submitted,

W. H. BEWELL,

Rosser, Nov. 29th, 1913.

Shareholders' Auditor.

PRESS EXTRACTS

EXTRACT FROM THE "CANADIAN FINANCE,"
DEC. 3RD, 1913.

"GRAIN GROWERS' GRAIN CO. LIMITED REPORT"

"The balance sheet of The Grain Growers' Grain Co. Limited, appearing on another page, gives total assets of the Company as \$1,371,153. The paid up capital is over \$645,000, on which 10 per cent. dividend was recently paid. Year's profits are stated at \$164,333. The sum of \$96,610 was transferred to reserve: special and general reserves now total \$183,000. Practically 30,000,000 bushels of grain were handled during the year ending June last—and since September, 1906, the aggregate has been 108,000,000. While the year was otherwise a successful one, very heavy losses are reported on the export end of the business—conducted by a subsidiary Company. These were met out of the accumulated reserve from preceding years."

FROM THE "FINANCIAL POST," NOV. 29TH, 1913.

"A FARMERS' COMPANY"

"We do not hesitate to admit that The Grain Growers' Grain Co. Limited has been a greater success than anticipated by the business world as a whole. Quite frequently undertakings of the kind, born of passing impulses, have a temporary career of some brilliance and then pass into obscurity or oblivion. Some of them have left their mark as spasmodic efforts to reform are liable to do. In the case of The Grain Growers' Grain Co. Limited it can be said to be the crystallization of the business sense of the Grain Growers' movement of the West. If it continues to adhere to sound business principles it will accomplish all that was expected

of it. In the very system it was designed to check and modify it no doubt found much that it had to absorb and thus acknowledge that the grain handling system of the older days had much in it worth imitation.

"Experience has determined the best methods of handling grain and so far we have acknowledged the 'best' of the old system has become part of the practice of The Grain Growers' Grain Co. Limited. What changes have been made have not impaired the earning capacity of their organization, nor has its presence in the grain handling field resulted in disaster to other concerns devoting attention to the same class of business. It is a field that is ever widening in the West and there will be room for this Company's expansion as well as that of others.

"Perhaps the best feature of the report of this Company is that it shows the existence of loyal support from its members, illustrated by the huge volume of business that it has done. The fact of its having made a profit on the funds employed equal to about 24 per cent. is not nearly so important or so impressive a fact as that of its having handled its business with reasonable success. Here we have evidence of the farmers developing a faculty for business which cannot but result in advantage to the whole Dominion. The greater the extent to which they interest themselves in doing their own business the less discontent will there be and more intelligence will be applied to farming operations. In all such efforts, of which that of The Grain Growers' Grain Co. Limited is an example, there is promise of greater commercial efficiency in so far as the production of agricultural wealth is concerned."

FROM THE "MONETARY TIMES," NOV. 29TH, 1913

"GRAIN GROWERS SHOW GROWTH"

"A successful year's working is shown by the annual statement of The Grain Growers' Grain Co. Limited. Profits were to the extent of \$170,236. There was added to the reserve \$96,609, the general reserve now

being \$152,575, and the special reserve is shown as \$20,424. The Company's assets are as follows:— Investments, including stocks and shares, real estate, elevator building, stocks of grain, etc., the value of which is \$1,371,152.

“When this progressive Company commenced business in September, 1906, the subscribed capital was \$25,000, and the paid up capital \$5,000, with 1,000 shares allotted. In June last there were 32,500 shares allotted, capital stock subscribed amounted to \$809,950, paid up capital was \$615,361. In its operations practically 30,000,000 bushels of grain were handled in comparison with two million during the first year of its activities. This is evidence of the aggressive and businesslike policy of President T. A. Crerar, the officers and directorate, and must be satisfactory to all interested.”



PRINTED AT THE OFFICE OF
THE GRAIN GROWERS' GUIDE
WINNIPEG, MAN



119429

HD 9044 C25 G7 7TH-10TH 1913-1916
GRAIN GROWERS GRAIN CO LTD
ANNUAL REPORT/

SERIAL MI 40819826 HSS



000037712692

A24553